FINANCIAL ORGANIZATION AND PROCEDURE
in the Diocese of Pennsylvania

Revised to Dec 1, 1937

INTRODUCTORY

In April 1936 a voluntary committee considered the above subject and made a Report which has been brought up to date and is now published for the information of all concerned.

Diocesan organization and procedure exist for the furtherance of diocesan work: to get it done as promptly, cheaply, and effectively as may be. From time to time, however, organization and procedure need overhauling, for conditions change, and machinery must change with them. This memorandum may serve to show whether changes are needed and in any case to supply information about a somewhat complicated system. It is intentionally descriptive only, and not critical. References to diocesan canons are to the edition of 1937.

The facts needed are those describing diocesan expenditures, diocesan income and diocesan financial administration. The plan here followed is:

First, to give the various heads of diocesan expenditure.

Second, to take these up in detail, showing the items of which each is composed, and the total spent on it in 1928, 1933, and 1936, three sample years.

Third, to describe the machinery for levying and collecting assessments; making and collecting ~~appointments~~ apportionments, and budgeting.

Fourth, to describe the administration of real property and of capital funds.

This plan has certain difficulties but it is believed that they or their equivalents are inseparable from any attempt to describe the subject matter.

The reader should note that the term "Fund" has two meanings. It

may refer either to a capital fund or to moneys raised by assessment, or otherwise, for current expenses. Quotation marks have been used herein to indicate this latter sense.

It is believed that all diocesan expenditures fall under one or another of the following heads:

1. For the support of a Bishop or Bishops.
2. For the maintenance of a Diocesan Headquarters Staff.
3. For Property maintenance and provision of Offices.
4. In connection with Diocesan Convention, General Convention, Provincial Synod, and the National Executive.
5. For Diocesan and National Church enterprises.
6. To augment Clerical salaries.
7. For Clerical pensions.
8. Examining Chaplains' expense.
9. Debt items.
10. Conduit items.

Taking these in order for detailed consideration, we have first:

1. For the support of a Bishop or Bishops.

The items under this, as under other heads, are regularly shown in the annual Journal (e.g. Jnl. 1936, p.270, Episcopal Fund Disbursements). They totalled in 1928, $28,268.91; 1933, $29,867.72; 1936, $26,089.18. They are: the salary of the Bishop as voted by Convention at the time of his election; (e.g. Jnl. 1924, p.267); the salary of the Bishop's Secretary, fixed by the Standing Committee under standing resolution of 1912 (Jnl. 1912, p.50), and the salary of the Bishop's stenographer; Pension Fund premiums on the first two of these; the net cost of the Episcopal Residence (see below, p. 4 ); the Bishop's automobile allowance; stationery and printing; postage; compensation to visiting Bishops for assistance during Lent; miscellaneous small office expenses; a share of the expense of the Church House office staff, for accounting services; and a small commission to the same for collecting income,

that is, for collecting the assessment which, as we shall see presently, is the main source for defraying these items of expense.

When the total needed for these items has been found for any year by Executive Council and Standing Committee (see Canon VII, Sections II and V), there is first subtracted from it the estimated income for the year from a trust fund established for the support of the Episcopate (see below p.17 ), the yield of which in 1936 was $3,612.29, and the remainder is assessed against the parishes and missions of the diocese as hereinafter shown.

2. Diocesan Headquarters Staff.

This staff is headed by the Executive Secretary of the Diocese, the Vice-President of the Executive Council, the Director of Publicity, and the Financial Secretary of the Diocese, the last of whom is the office executive. In addition to these four the staff consists of two accounting clerks, the telephone operator, and three stenographers.

The headquarters staff acts as a bureau of Diocesan information, attends to the publicity of the Diocese, publishes the Church News, and has a large collecting, accounting, and agency responsibility, and many miscellaneous duties. It calculates, records, and collects assessments for the so-called Episcopal and Convention and Sustenation "Funds"; receives and distributes the income from various capital funds; receives gifts for the Christmas "Fund", for the Diocesan Campaign "Fund" of 1926, (not yet closed out), and for the Church Extension "Fund"; acts as diocesan agent for the Church Properties Fire Insurance Corporation; assembles financial and other information for the Executive Council, and for any of its Departments; and supplies stenographic service to the Executive Council and any of its Departments, to the Archdeacon and to the Deans.

The total cost of the staff was in 1928, $18,225.82; in 1933, $14,469.29; in 1936, ~~$12,426.44~~ $12,995.44. This total includes items as follows: salaries (roughly four-fifths of the whole), stationery and printing, miscellaneous office expenses, and three or four other very small items. (See for example Jnl. 1936, p.269)

Small pro-rata fractions of the total cost of the staff are charged to and paid out of the so-called Episcopal and Convention and Sustentation "Funds", and the Church House Fund, respectively, for accounting or other services; the remainder is paid out of "Missionary" receipts. (page 7 below)

3. Property maintenance and operation.

Real property of the Diocese requiring administration consists of the Episcopal Residence on 22nd Street, now unoccupied; the Church House; and occasionally, as an emergency measure, one or more of the Diocesan mission properties.

Maintenance of the Episcopal Residence cost in 1928, $4,562.97; in 1933, $3,193.33; in 1936, $2,100.07, of which all but $1,256.97, $71.45, and $241.56 respectively was for taxes. A reduction in the assessment on the premises from $98,000 to $70,800 reduced the taxes for 1936 to $1,858.51 from $3,306.00, effecting a saving of $1,447.49. The residence being closed, there was but a small expense for operation. The Standing Committee, acting under the authority of a Resolution of Diocesan Convention of 1934 (Jnl. 1934, p.55) has requested (January 1936) the Church Foundation to offer the residence for sale, and it is for sale.

The expense of maintaining the Episcopal Residence is met in part by the income from two capital funds to be described later (page 18+20 below), known as the Episcopal Residence Fund and the Bishop Mackay-Smith Memorial Fund, and in part--to the extent that this income is insufficient

for the purpose--out of the so-called "Episcopal Fund" produced annually by assessment on the parishes, chapels, and missions for the support of the episcopate.

Maintenance of the Church House in 1928 was $3,314.68; in 1933, $2,538.70; in 1936, $2,365.37; the items in this total being taxes of $1,899.98, $1,849.98, $1,441.13 respectively; water rent $83.00, $83.00, $83.00 respectively; building repairs of $1,079.93, $529.98, and $757.70 respectively; and insurance $251.77, $75.74, and $83.54 respectively.

Operation of the Church House in 1928 cost $10,094.12; in 1933 cost $10,038.76; in 1936 cost $9,500.00. The items in the cost are: the salaries of the Superintendent, of the Janitor, of the Janitress, of the Telephone Operator, and of the Information Clerk; cleaning; heating; and lighting; telegraph and telephone; and certain small miscellaneous items.

The items for maintenance and operation of Church House appear in the Journal of each year under the caption "Church House Fund--Disbursements", but are not there separated into maintenance and operation. See, e.g. Jnl. 1929, p.256, Jnl. 1934, p.277, Jnl. 1937 p.275, giving the items for 1928, 1933, and 1936 respectively.

The expense of the maintenance and operation of Church House is defrayed in part out of the income from two capital funds to be described later: (page 19-20 below) the Church House Fund and the Bishop Suffragan Residence Fund. However, only a small part of the necessary total is supplied by these two funds. The greater part is supplied by the so-called "Convention Fund", page 6 below) in accordance with a Resolution of Diocesan Convention of 1925 (Jnl. 1925, P. 54).

4. Expense of Diocesan Convention, General Convention, Provincial Synod, Presiding Bishop and National Council

Diocesan Convention expense for 1928 was $8,373.07; for 1933, $4,789.75; for 1936, $3,333.73. Its items are: the salary of the Secretary of Convention and the pension premium on it; a fee paid an assistant secretary; the Registrar's fee; the cost of the amplifying system; cleaning expense; a fee to the sexton; luncheon for the delegates; postage, printing, and stationery, (principally the printing of the Journal), and any small miscellaneous expense. See the Journals, under "Convention Fund--Disbursements."

General Convention expense is the amount of the assessment therefor by the National Church, plus the travelling and subsistence expenses of the diocesan delegates to the Convention. The total of both in 1934 was $1,902.50; in 1937, $1,867.85.

There is an assessment for the expense of the Synod of the Province to which our Diocese belongs; in 1928, $564.00; in 1933, $294.00; in 1936, $298.00.

Finally there is an assessment first paid in 1936, for the expense of the presiding Bishop and of the National Council, which in 1936 was $360.00.

Common to each of the four groups of items listed above is a charge for a pro-rata share of the expense of the accounting staff in Church House, for its services.

The money to pay for Conventions, Synod, and National executive, is obtained from an annual levy called "the Convention Fund" (Canon VII, Section III), assessed against only those parishes which are in union with the Convention. But other expenses than those just now mentioned also come out of the Convention"Fund". (See Canon VII, Section V).

5. Diocesan and National Church enterprises. ("Missionary" items.)

Under this heading may be grouped the diocesan contribution to the missionary, educational, publicity, recruiting and supervisory work of

the National Church, and expenditure within the Diocese under these items. For some years it has been an accepted practice to make the contribution for work outside the Diocese at least equal to the expenditure for the work within it. The total for the two in 1928 was $364,361.83; in 1933, $306,407.84; in 1936, $272,229.21. The items of diocesan missionary expenditure are numerous and there are not a few sub-heads.

Using the headings (though not all of them and not in their regular order), which appear in the annual budget as printed in each Journal (e.g. Jnl. 1936, pp. 320-321), we may list:

The Department of Missions, with five sub-items, the chief of which are those for Convocational Missions and for the missions under the Archdeacon.

The Department of Religious Education.

The Department of Christian Social Service and Institutions.

The Department of Publicity.

The Field Department.

The Commission on Recruiting for the Ministry.

Church work among the Deaf.

Church work at Colleges.

The Seamen's Church Institute.

The City Mission.

The Church Farm School.

The Contingent Fund.

The Expense of the Treasurer's Office.

The Expense of the Vice-President's Office

The Expense of the Executive Secretary's Office.

The items of National Church Work are shown in the triennial budget of the National Council, but as the Diocese has no direct control over them they are not of importance here.

The money for these diocesan and national enterprises is all obtained from voluntary gifts, about four-fifths of which come from parishes and missions and about one-fifth from individuals. The individual gifts are obtained through the Diocesan Contributors' "Fund", managed by representatives of the Department of Finance. The parochial and mission gifts are obtained through the Treasurer's office, with the aid of the Deans of Convocation, under a system which provides for an apportionment based on selected items of congregational expenditure, supposed to indicate ability to pay, and, as payment of the apportionment is not enforceable, for a declaration of intention to pay a stated amount, more, less than, or equal to the apportionment, called an "expectation" (see below, page 12 ).

The apportionment is based on the same formulae used by the National Church in obtaining its money from the Dioceses; it is authorized by an annual Resolution of Diocesan Convention (e.g. Jnl. 1935, p. 309); the "expectations" have no formal basis or authorization.

6. To augment clerical salaries, and

7. For clerical pensions.

The Diocesan canons require that the salaries of rectors be kept at a certain minimum fixed from time to time by Standing Resolution. (See Canon VII, Section VI, paragraph 1). They also require that the pension premiums on these same salaries be paid by the Diocese when necessary to prevent loss of pension protection in the Diocese under the rules of the Pension Fund (See id. paragraph 2.). The Diocesan Commission on Clerical Salaries and Pensions is ordered to accomplish these objects and to apportion the estimated cost ($13,844.61 was the actual cost in 1936) among the parishes in union with Convention, on the same basis used for the "Episcopal Fund" assessment. (See id. paragraph 3.)

8. Examining Chaplains' expense.

A very small item, which, however, it seems difficult to include under some other heading, is that for a small salary, $100, and expense allowance, $50, to the Secretary of the Board of Examining Chaplains. This $150 is paid out of the Convention "Fund".

9. Debt Service.

This item represents interest paid by the Diocese on part or all of the mortgage debt of certain aided parishes and missions. Formerly there were nine, now (1937) there are five; one mission, three aided parishes, and a parochial chapel. In three cases the diocese carries the entire mortgage interest, in two only part of it. Payment was assumed by the diocese in aid of mission construction or to aid parishes in financial difficulties. The policy of the diocese is now to retire these mortgages as soon as may be. Similar charges are likely however to be created in future under the pressure of circumstances unless the revenues of the Diocese can be made more elastic.

A table follows:

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|---|---|
| St. George's, Richmond, a mission | $1,200 |
| St. Barnabas, Germantown, an aided parish | 540 |
| Zion, Logan, an aided parish | 900 |
| St. Peter's Chapel, Glenside (under the parish of St. Peter's Weldon) | 600 |
| House of Prayer, Branchtown, an aided parish | 750 |
| Total annual interest paid by Diocese | $3,990 |

10. Conduit items.

There appear on the Diocesan budget every year what may be called "conduit" items. The Diocese raises or acts as agent for raising moneys for specific purposes for which only the amount raised is spent. The budget

shows under expenditures a round figure for each of these purposes; but this is done only as a memorandum.

It is believed that all the important heads of diocesan expenditure have now been described.

II

The expenditures of the Diocese being as above indicated, we have next to describe the diocesan machinery for raising such part--by far the greater part--of its revenue as is not furnished by the income from capital funds.

A Diocese is the area over which a bishop rules. In that area may be not only parishes, their clergy and people, but seminaries; church hospitals and asylums; mission congregations; missionary institutions of various types with clergy, buildings, and staff; religious orders with their clergy and buildings, and a host of organizations. In this Diocese, legislative authority is vested only in the clergy, the parish corporations, and the missions in Convention assembled.

Saving the canonical and the unwritten powers of the Bishop, and the paramount authority of the National Church, it is Diocesan Convention which, by its legislation, provides directly or indirectly for the income of the Diocese. Canons enacted by Diocesan Convention, supplemented by Standing Resolutions, prescribe both the necessary assessments and apportionments, the financial administrative machinery, and to some extent the budgetary procedure.

1. Assessments and apportionments

Three separate but contemporaneously made assessments (Canon VII), (the proceeds of which are in the canons termed "funds"), produce the money for the support of the Episcopate ("Episcopal Fund"); the expense of Diocesan Convention, the diocesan share of the expense of General

Convention and of the Provincial Synod, the cost of maintaining and operating, (though not of staffing) Church House ("Convention Fund"); and the money for clerical salaries and pensions as above defined ("Sustentation Fund"). An apportionment authorized by annual Resolution of Convention provides, through voluntary contributions by the missions and the parishes, most (say four-fifths) of the money required for Diocesan enterprises and their administration, and for the Diocesan share of National Church enterprises and their administration, all usually referred to as "missionary" items.

2. Administrative machinery

The administration of Diocesan finance is(by Canon VI, Sections II, III,IV, and Canon VII, Sections II and III) vested in an Executive Council of some forty members, variously chosen, and in the Council's Department of Finance, except as follows:

(a) The Bishop, and the Standing Committee of the Diocese, which is the Bishop's Council of advice (Canon IV, Section I), elected annually by Convention, are empowered "to draw on the Treasurer of the Diocese and on the Treasurer of the Episcopal Fund, or either of them, for all necessary and reasonable expenses incurred in the administration of the Diocese, properly chargeable to the said accounts respectively, in all cases not provided for by the Convention, reporting all such disbursements to the next Convention." (Canon VII, Section V,1). This is interpreted as enabling the Bishop and the Standing Committee to exercise a joint authority with the Executive Council in determining the amount needed for the support of the Episcopate and for maintaining and operating the Diocesan headquarters.

(b) The assessment and administration of funds for clerical salaries and pensions, (described in Canon VII, Sections VI and VII), is under a Commission composed of the Bishop and eleven others, of whom three clergy-

men and five laymen are elected by Diocesan Convention every three years to serve for three years, and three other members, clerical or lay, are elected annually by the Executive Council to serve for one year (Canon IV, Section V).

(c) The management of capital funds is under special trustees or under the Church Foundation, as will appear later.

With these three exceptions the control of Diocesan finance is wholly under the Executive Council.

3. Budgetary Procedure

Budgetary procedure varies according to the object for which money is to be raised. As has just been explained, some matters are wholly under the Executive Council; some are under the Bishop and Standing Committee, and the Council; others are under the Committee on Clerical Salaries and Pensions.

(a) Budgetary procedure for the items to be paid out of the Episcopal and Convention "Funds": to wit, for the support of the Episcopate, for the maintenance and operation (but not the staffing) of Church House; for Convention of Conventions, Provincial Synod and National Executive expense; and for some few other smaller matters (see pages 10-11 above) must bring in Bishop and Standing Committee as well as Council. Procedure is as follows:

Preliminary estimates of the amount needed in any calendar year are prepared in September by the Financial Secretary and the Chairman of the Budget Committee of the Department of Finance. They are next submitted to the Budget Committee of this Department, and to a budget committee of the Standing Committee. Then they go to the Executive Council. After making such changes as it desires, the Council approves them as preliminary estimates and the Financial Secretary, on this approval, calculates the share of each parish or mission according to a

prescribed formula, and about November fifth sends out notices of the sums due. (These notices carry also the amounts due for the apportionment and for the other assessment, to be described below.)

The Standing Committee may change these preliminary estimates at its November meeting, but rarely does so to an extent making a re-assessment necessary.

In January the items to be paid out of the Episcopal and Convention "Funds" are given final approval by the Standing Committee and by the Executive Council and are ordered printed on the Diocesan Budget.

(b) Budgetary procedure for the items to be paid out of the apportionment for Diocesan and National Church enterprises (see page 6 above) usually called "the Quota", is as follows:

In September the Financial Secretary and the Chairman of the Budget Committee of the Department of Finance go over the needs of the enterprises to which the Diocese is committed, receiving and reviewing estimates and requests by the various Departments, officials, and institutions concerned. Preliminary estimates are submitted, first, to the Budget Committee of the Department of Finance, then to the October meeting of the Department, and then to the October meeting of the Executive Council. Agreed upon there, they are ready for apportionment among the parishes and missions. The Financial Secretary makes the apportionment, using the same formula as for the Episcopal and Convention "Funds" assessments, and sends out notices of the sums due, or "quotas" about November fifth with the notices for the assessments. Added to the total for Diocesan enterprises, however, before apportionment, is a sum at least as large for National Church enterprises.

There is no penalty attached to non-payment of the amount of the "Quotas", as there is to non-payment of the Episcopal and Convention assessments. Some parishes pay much less than their quota, and although some pay much more, the total result is regularly far below the total

sum apportioned. It therefore becomes necessary, in order to budget expenditures, to know how much each parish or mission expects to pay on its quota. Accordingly, in sending out the quotas, "expectations" are asked for. These are received in January from enough congregations (although some will not commit thenselves at all) to make it possible to proceed. At the January meeting of the Department of Finance the probable amount to come in during the year on quotas is forecast. Then an estimate is made of what can be raised by individual contributions direct to the Diocese (Diocesan Contributors' "Fund"). The sum of these two amounts mark the limit both of what can be spent in the Diocese and of what can be contributed to the National Church, which, like the Diocese, has framed a tentative budget based on needs, to be revised downward according to estimated receipts from Dioceses on account of their quotas to it. The "missionary" budget is now ready for the January meeting of the Executive Council, and as there finally approved is ordered printed as part of the whole diocesan budget.

(c) Budgetary procedure for the items to be paid out of the Sustentation "Fund", to wit: Certain augmentations of clerical salaries, and certain payments toward clerical pensions (see page 8 above), is as follows:

The Commission on Clerical Salaries and Pensions submits annually to Diocesan Convention an estimate of the amount needed in the next calendar year for the payments which the Commission is required to make, and asks that the Diocesan Treasurer be authorized to assess the parishes in union with Convention accordingly, subject to such reduction, if any, as the Commission may find in December can be made. In December the Committee makes up its final figures and gives them to the Financial Secretary for apportionment, and for notification to the parishes concurrently with the notification for the Episcopal "Fund" and for the Convention "Fund".

It should be here noted that assessments for the Episcopal "Fund" are against all parishes, chapels and missions; for the Convention "Fund", against parishes in union with the Convention, but against no missions; for Clerical Salaries and Pensions, against parishes in union with the Convention, but against no missions; the quotas for Diocesan and National Church enterprises are apportioned among all parishes, chapels and missions.

Debt, and "conduit" items (see page 9 above) are printed as part of the "Missionary" budget.

III

We come now to the real property, and to the capital funds, of the Diocese, and their administration. Because the Diocese has no legal personality it cannot hold title to real or personal property; title is held for its benefit by the Church Foundation or by Trustees, as the case may be.

1. Real property.

The real property of the Diocese consists of the Episcopal residence, now vacant, on Twenty-second Street, the Church House at 202 South Nineteenth Street and some of the properties acquired for use in connection with what may be called Diocesan missions for worship, to distinguish them from institutions and associations of a social service or of an educational type.

Usually a part, and often by far the greater part, of the money for the purchase of land and the erection of buildings for such missions comes from the Diocese, and the Diocese has to supply annually a considerable portion of the operating expenses. Moreover these missions are canonically under the Bishop, the Deans of Convocation and the Diocesan Department of Missions. It might reasonably be supposed therefore that the beneficial ownership of these properties would

invariably be in the Diocese. The fact is however that there has has been great variety in the terms of the Deeds to the Church Foundation which as we shall presently see, holds these properties. It is impossible to make a more definite statement unless and until all the outstanding Deeds for these properties shall have been examined and analyzed.

Title to the real property of the Diocese is in the Church Foundation, which has succeeded to the functions of the former "Trustees of the Diocese." The responsibility for taxes and mortgage interest and for property maintenance and protection rests however ultimately upon the Diocese, for the Church Foundation has no funds for the care of Diocesan realty except as the Diocese or the donor of the property may supply them. But although this responsibility is ultimately upon the Diocese, the Church Foundation, as the record holder of the legal title, has an inescapable legal responsibility. If taxes and mortgage interest become in arrears, proceedings against the property would bring in the Church Foundation and not the Diocese.

The Executive Council of the Diocese has a Department of Property. The Canon (VI, Section II, 2) directs that the Council shall determine the powers and duties of this Department. Prior to 1936 the Department of Property had charge only of the Episcopal residence on Twenty-second Street and of the Church House, but at the meeting of the Council in January 1936 resolutions were adopted providing as follows:

"That it be among the duties of the Financial Secretary to have a complete list of all such properties (the approximately 94 properties belonging to the Diocese or under its supervision, listed on p. 4 of the minutes of this meeting) including information as to assessed valuations, mortgages, taxes, ground rents, interest and other obligations, and the payment of same, and he shall make a report of their condition to the Property Department of the Executive Council.

That a regular stated meeting of the Property Department shall be held monthly and that the Financial Secretary shall be the Secretary.

That in the matter of reports to the Executive Council ,

the report of this Department shall follow the report of the Finance Department and that hereafter all property matters will be referred to this Department instead of to a special committee.

That the Property Department shall include as members at least a layman of each Convocation and also a member from the Department of Finance, and the corresponding secretary of the Church Foundation."

Since the adoption of these resolutions the reconstituted Department of Property has held monthly meetings and has advanced along the road of bringing under its supervision the matters newly entrusted to it. It is of course essential that there be some agency definitely charged with responsibility for diocesan real estate. Co-operation between the Department of Property and the Church Foundation is obtained by making the corresponding secretary of the Church Foundation a member of the Department of Property.

The Standing Committee, as the Bishop's Council of advice, has a general concern with real property, as with other aspects of the Diocesan administration, but no responsibility for any particular aspect of it except that its consent is necessary to the encumbering, alienation, removal or demolition of any consecrated Church edifice (Canon XII).

2. Capital Funds.

The Rev. F. C. Hartshorne has written entertainingly on the Funds in the Church News (March and April 1936), distinguishing conserved, or capital "funds" from funds the principal of which is currently spent and currently replenished. Diocesan funds of the latter sort have been described above. We are to deal now with the former, the capital funds.

Fund for the Endowment of the Episcopate.

Until 1936 this Fund was called the Episcopal Fund. Diocesan Convention of 1936 changed the name to differentiate the Fund from the annual levy for the expenses of the Episcopate, also called the Episcopal Fund.

The Fund for the Endowment of the Episcopate seems to have originated in 1814 with the Andrew Doz Trust, and to have been augmented by successive legacies, gifts and funds (see Journal 1887, pp. 67-71).

The investments of the Fund are managed by four trustees chosen annually by Convention, who pay over the net income to the Treasurer of the Diocese. (Canon VII, Section I).

The income of the Fund ($3,612.29 in 1936) goes to reduce the amount to be raised by assessment of the parishes and missions for the support of the Episcopate, as described above (pages 10-11 ).

Episcopal Residence Fund.

The Convention of 1868,(pp. 87-88, Jnl. 1868) adopted Resolutions for the acquisition of an Episcopal Residence, the history of action under which is as follows:

The necessary money was raised; No. 1633 Spruce Street was purchased and furnished for an Episcopal Residence; and title was put in the names of three Trustees specially chosen by Convention (Jnl. 1869, pp. 48-49). In 1891 the Trustees of the day reported to Convention that Bishop Whitaker* had not occupied the residence and did not desire to do so, and that it would be best to sell the property, put the proceeds of sale into an "EPISCOPAL RESIDENCE FUND", and pay the income from it to the Treasurer of the Episcopal Fund, (now the "Fund for the Endowment of the Episcopate")(Jnl. 1891, p.116). The recommendation of the Trustees was adopted and a sale authorized. (ibid).

For some reason the property remained still unsold in 1901. In that year the following Resolution was adopted (Jnl. 1901, p. 114):

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*Bishop Whitaker had been transferred from Nevada in October of 1886 to serve as coadjutor to Bishop Stevens, whom he succeeded in June 1887. He had already acquired a house while serving as coadjutor and probably did not wish to change residences.

RESOLVED: That the Trustees of the Episcopal Residence be, and they are hereby authorized to sell the property known as the Episcopal Residence, situate at No. 1633 Spruce Street, Philadelphia.

In 1903 the Trustees of the Residence reported that "they sold said property through Messrs. J. M. Gummey & Sons, on the thirteenth day of October 1902, for the sum of $30,000.00 and further, that they also sold the Perpetual Policy of Insurance covering the same at $228 which, after deducting the broker's commissions of $300 made the net proceeds from the sale of $29,928," and had paid over the net proceeds to the Trustees of the Episcopal Fund as directed. The Trustees of the Residence asked to be and were discharged (Jnl. 1903, pp. 47-48).

Bishop Suffragan Residence Fund and the Church House Fund.

In May 1921 the Trustees of the Diocese, predecessors of the Church Foundation, sold the Church House on Walnut Street near Twelfth and bought the present Church House. Both sale and purchase were made under authority of Convention and in conjunction with the Standing Committee. A surplus resulted which was dealt with as follows by Convention of 1921 (Jnl. 1921, p. 110):

> "RESOLVED: That $25,000 of the funds realized from the sale of the Church House at 12th and Walnut Streets, be placed in the care of the Trustees of the Episcopal Fund (now the Fund for the Endowment of the Episcopate), to be set apart as "The Bishop Suffragan Residence Fund", the income therefrom to be paid to the Bishop Suffragan in addition to present salary in lieu of rent, until otherwise ordered by the Convention."
>
> "RESOLVED: That the Trustees of the Diocese be directed to invest the remainder of the proceeds from the sale of the Church House at 12th and Walnut Streets, and to pay the income therefrom to the treasurer of the Diocese to be by him applied, first, for the maintenance of the Church House, and the remainder as income from the Episcopal Fund of the Diocese."

Mr. Hartshorne, who has supplied the information on this whole matter, appends the following three notes to his quotation of these two Resolutions:

> "1. The meaning of the last clause, "as income from the Episcopal Fund," is not clear. Possibly it means, "as if it were income from, etc." In any case the meaning is not important because all the income is needed and likely to be needed for the Church House.

2. I do not know whether or not the Convention has ever directed the income from the Bishop Suffragan Residence Fund to be paid for Church House maintenance but that is what has been done with it for some years.
3. The question might arise as to whether the second resolution created an irrevocable or revocable truat, either as to principal or income, or both. I presume it was not the intention to create an irrevocable one."

The result of the action of Convention of 1921 is that the Trustees of the Fund for the Endowment of the Episcopate have set up, and administer, a capital fund of (originally) $25,000, called the Bishop Suffragan Residence Fund, the income from which currently goes toward the expense of maintaining and operating, (but not of staffing), Church House, and that the Church Foundation, successor to the Trustees of the Diocese, has set up and administers another capital fund of (originally) $20,000, called the Church House Fund, the income from which currently goes toward the same purpose. The income was in 1936 $1,300.03 from the Suffragan Residence Fund and $641.36 from the Church House Fund. It goes to reduce the amount raised from the parishes in union with Convention by the "Convention Fund" assessment described above.

Mackay-Smith Memorial Fund.

On May 15, 1912, the widow of Bishop Mackay-Smith, by the same Deed which conveyed to the Diocese the house on South Twenty-second Street, in which he and his family had resided, established a Fund of $5,000 to create income toward the maintenance of the property, and stipulated that when the house should be sold this fund be added to the proceeds of any sale. As previously stated, this house is up for sale. A sale of the property is governed by trust provisions which may be summarized as follows:

If the property be sold after the expiration of 20 years use of the premises, half of the proceeds must be used to purchase or erect another Episcopal Residence or a Diocesan Administration House, and the other half invested for the benefit of minimum clerical salaries; but

if for five years after the sale no residence or administration house has been provided, then all the proceeds must go to clerical salaries. The twenty years in question expired May 15, 1932, according to competent legal opinion, (see letter of Mr. Runk to Colonel Barba of May 27, 1935).

The End.